

Montgomery council members raise possibility of replacing Pepco

by Margie Hyslop | Staff Writer

Montgomery County Council members on Monday raised the possibility of replacing Pepco with a government-owned utility to distribute electric service to residents more reliably than the company, which also has to satisfy shareholders.

"Are we stuck with Pepco or do we have an alternative? Public power is one such alternative," Transportation and Environment Committee Chairman Roger Berliner (D-Dist. 1) of Potomac said at the meeting, where Pepco executives were called in to brief the council on reliability in the wake of the Jan. 26-27 storm.

Outages from that storm peaked at 221,600 customers, with some waiting five days for lights and heat to come back on.

Councilman Marc Elrich told the convened executives, whom the utility's region President Thomas Graham called an "A team" from Pepco Holdings Inc., the utility's parent company, that the county should possibly explore having the corporate charter of Pepco revoked.

"You had ways of measuring your performance for years," Elrich (D-At large) of Takoma Park said. "None of that motivated you to get off the bottom. You have a monopoly."

Records filed with the Maryland Public Service Commission show that Pepco customers lose electric service more often, and for longer, on average, than most electric users in Maryland and the nation. An analysis of those records by The Gazette in August found that in 2009, when there were no major storm outages, Pepco customers lost power 61 percent more often than did customers of neighboring Baltimore Gas & Electric Co.

Councilman Hans Riemer (D-At large) questioned why Pepco continued to pay sizable dividends to shareholders — more than four times as much as it spends on Pepco maintenance, he said — while reliability declined. "Responsibility is to get to an average level of reliability before any rate increase," said Riemer, who added that the \$57 million that Pepco Holdings Inc.'s top executives were compensated over the past five years is the equivalent of the cost of a year of their expanded reliability improvement plan.

One impediment to replacing Pepco with a municipal utility is that the public, which would own the utility, would have to compensate Pepco to take over its infrastructure, which would be very expensive, Councilman George Leventhal (D- At large) of Takoma Park said.

A representative from the American Public Power Association said many large and small communities, including Hagerstown and Easton in Maryland and large parts of Long Island in New York, have bought out utilities and taken over delivering power, usually at lower rates.

Berliner asked Pepco to come back to the council with answers about "what constrains you" from getting to a top performance level in three years instead of five.

"Our beef is not with your front-line employees, it is with how you, the executives, let it get to this place," Berliner said.

He said that some ratepayers were dipping into home equity to buy backup generators that cost thousands of dollars.

And some are sharing generators and even buying their own chain saws to cut trees that they believe are too close to power lines, council President Valerie Ervin (D-Dist. 5) of Silver Spring said.

"Please discourage your constituents from the saws; that can be dangerous," Graham said. "I've been to too many funerals."

Rierner asked why the message on the utility's automated outage line did not tell customers to report their outages again if their power was still out, because Pepco often was not aware. Pepco executives answered that they use other means to tell customers to call and that if and when customers get smart meters, which have not been approved, the utility will receive instant feedback.

Councilman Craig Rice (D-Dist 2) of Germantown said he believes Pepco is here to stay and that he wants to work with the utility to overcome any obstacles it has to delivering reliable service.